

GEO

Guyana Economic Opportunities

GEO Support to Private Sector Organizations In Guyana

Findings and Recommendations

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I. Introduction

This report summarizes findings of the consultant's second short-term assignment under the Guyana Economic Opportunities (GEO) Project. The assignment focused on two main thrusts: (1) enhancing the capacity of Guyana's Private Sector Organizations (PSOs) to undertake advocacy that leads to a more market-oriented economy; and (2) reinforcing the advocacy influence of PSOs by improving the economic wellbeing of their members and thus strengthening the PSOs themselves.

Five sections make up this report. The first section deals with institutional and organizational strengths, weaknesses, and needs of seven PSOs for which strategic plans were prepared: the Chambers of Commerce of Berbice, Essequibo, Linden, and Upper Corentyne; the Tourism and Hotel Association of Guyana (THAG); the Guyana Manufacturers Association (GMA); and the Forest Products Association (FPA). The second section discusses issues uncovered in meetings with 53 PSO-member businesses, a significant number of which have commercial activities in several industries (e.g., tourism and logging) or in several segments of the same industry (e.g., importer, distributor, retailer). The third section deals with recommended interventions to build PSOs' institutional and advocacy strengths. The fourth section focuses on GEO interventions that will strengthen PSOs by enhancing the economic wellbeing of PSO member businesses. The final section summarizes this report and presents a recommended 12-month work plan for GEO's continuing support to PSO development in Guyana.

II. PSO Weaknesses, Needs and Strengths

A number of conclusions highlight the results of the assignment. Adding value for members has not yet evolved into a main thrust of PSOs, and indirect value-adding seems less than paramount, especially with regard to chambers of commerce. Geographically concentrated chambers of commerce, as one might expect, remain less focused than sectoral organizations. Scant resources, primarily as a result of the lack of dues or other sources of revenue-generation, plague the chambers of commerce. Mere survival dominates the thrust of the chambers. Sectoral PSOs, headquartered in Georgetown, seem generally more outward-looking than the chambers, which are situated in less urban areas far from Guyana's economic hub. The sectoral organizations, with offices and furniture, full-time staff, and Internet-linked computers, seem wealthy in comparison to all but one chamber. No chamber has a full-time staff member. Three of four chamber offices consist solely of donated space. The sectoral organizations and the chambers resemble little of one another, when organizational structures and assets are compared. Further, several of the chambers seem little more than one-person shows wherein dissenting opinions expressed by members are largely ignored. Two of the chambers and all three sectoral organizations, although not free from varying degrees of divisive agendas pushed by self-interested members, seemed democratic, tolerant of differing views, and willing to engage in open discussion. Two sectoral organizations—GMA and FPA—are grappling with a rising swell of environmental concerns that demand ongoing attention and could threaten the livelihood of their industries.

Concerning PSOs' capacity for advocacy, differences between sectoral organizations and chambers narrow dramatically. Not one PSO has developed specific plans for pursuing their primary objectives. Only one organization seemed to possess a sense for the detailed planning and execution process involved in advocacy campaigns. Little recognition or appreciation of linkages seem to exist, as can be said for the potential impact of cumulative advocacy initiatives, incremental advocacy for large-scale objectives, the benefits of advocacy alliances, or even for understanding the opposition's viewpoints. PSOs see issues mostly in conjunction with improving owners' or managers' wellbeing.

Irrespective of the above litany of PSO weaknesses and shortcomings, PSOs have several strengths. First, each PSO has a membership. The seven PSOs thus far engaged have more than 400 combined members. The consultant met with more than 10 percent of these members either in a group format or individually. Members are mostly adept but struggling business run by individuals whose major shortcomings concern a lack of awareness resulting from a government-socio-economic environment that has attempted to stall the competitiveness revolution that has been building around the globe for the past 20 years. Given the right tools and the appropriate economic framework, PSOs and their members will make the breakthroughs that will propel their own advancement and simultaneously reinforce the PSOs.

Second, PSOs are "the only game in town." This fact dictates that GEO work with them. Indeed, PSOs act as multipliers.¹ Once GEO helps PSOs implement their strategic plans, assists PSOs in winning some advocacy initiatives, and begins addressing the needs of PSO business members, other organizations and businesses should demonstrate a greater willingness to follow the lead of the currently selected group of PSOs, provided that momentum is maintained.

Third, even though adding value for members is not now the central thrust of PSOs, memberships seem generally solid. Given the right cause that is presented skillfully, most of Guyana's PSOs should be able to (with assistance) mount sustained and effective advocacy campaigns. In the consultant's view, PSOs, the government, and Guyana in general will benefit significantly more by undertaking, and participating in, advocacy initiatives than through any kind of formal instruction on advocacy.

¹ GEO could still incorporate the Private Sector Commission (PSC) into its program of support to PSOs. Even though no strategic plan was developed with the PSC, it remains a strong ally of GEO.

III. Findings From Meetings with Businesses

Meetings with individual businesses that compose PSO memberships, especially with regard to the chambers of commerce, revealed some startling findings. First, little overall differentiation exists among retail stores, especially among the ubiquitous Guyanese general store. Primarily family-owned and operated, congested with merchandise, and ill-arranged, these stores also exhibit little product differentiation from stores in the same city or town and among stores in different towns. Pricing policies seem absent, as do advertising strategies, merchandising and space utilization skills, and inventory management. Amazingly, most stores price without regard to cost. Merchandise prices are largely tethered to the lowest product prices available in Georgetown, which often are set at the retail level by the very importer from whom the outlying store buys its goods. As far as can be ascertained, many general stores sell a substantial portion of their inventory below cost. Thus, the more stores sell, the more revenue they lose. This situation underscores the tremendous potential of the Internet as a tool by which Guyana's merchants, with needed changes in the customs service, can break the grip of three or four direct importers who also act as retail competitors. True, some of these prices below cost may serve as loss-leaders. But without a cost basis, the proprietor has no concept of what is sold below or above cost, nor a basis for either understanding margins or projecting operating results.

Second, there is a notable lack of diversity among PSO memberships. Outside of Linden, the consultant encountered only one Afro-Guyanese entrepreneur who is a PSO member, only two women PSO members—one an Afro-Guyanese small business owner in Linden and the other a Caucasian woman engaged in the timber industry (but not a principal)—and virtually no Afro-Guyanese employees in any commercial enterprises outside of Linden.² Most women employees are relatives of proprietors. It seems clear that employee diversity and labor force and human-resource development are under-appreciated as contributors to advancing the competitiveness of PSO-member businesses.

Third, from what is witnessed in manufacturing operations, employee safety, as in many firms in emerging markets, is much-ignored. Incentive programs for employees, beyond family concerns, seem nonexistent. Yet business owners complain endlessly about "irresponsible and uncaring workers." There was no evidence that entrepreneurs view their interaction with workers as involving both give and take.

Finally, manufacturing processes and production flows appear to be less than optimally organized, with respect to both labor and machines. Production waste seems excessive in some cases, such as in saw mills and furniture production. Equipment maintenance, age, and capabilities also present problems for some manufacturers.

²This does not mean that there are no Afro-Guyanese and women entrepreneurs. A large majority of Afro-Guyanese live in Georgetown and hence would not be represented in the regional chambers. It is a telling indication, nonetheless, that in the two months of working closely with the regional chambers and Georgetown-based PSOs, that the consultant met no more than a handful of such individuals, in direct contradiction to demographic data.

IV. Interventions to Build PSOs' Institutional and Advocacy Skills

A. Advocacy

PSO strategic-planning sessions, in addition to meetings and interviews with individual businesses, showed that two needs rise above all others and should guide assistance efforts aimed at strengthening PSOs' advocacy capacity and improving the economic wellbeing of PSO members. Assistance must be PSO- and business-specific. It must be, at the very minimum, perceived by PSOs and their members as truly demand-driven. This strategy means that both assistance and training must be precisely targeted, and must be competitiveness-enhancing and awareness-expanding. Additionally, it must be both rigorous and innovative, as well as skillfully presented.

PSOs' own advocacy targets must be pursued. In terms of priorities, PSO advocacy targets should aim at the adoption by the government of Guyana (GOG) of a national investment strategy that is no less than regionally competitive. Creation of a national development bank is also near the top of PSOs' advocacy list. But the extent to which the GOG is involved will increase the likelihood that the development bank will fail to meet standards of the marketplace. Other advocacy initiatives should focus on improving land policies and strengthening property rights. Regional chambers, to compensate for their staffing shortfall, would like to campaign for funding to create an "all-chamber" resource center. This objective is worth pursuing, as long as the chambers themselves take responsibility for the center's operation and results in the case that it is established. PSO members want and need crop insurance, reduced crime, better roads and transportation, lower utility costs, a more competitive phone system, and more competitive telecommunications services. PSOs want to advocate for an internal stock market—although they should first consider pursuing a variant, in the opinion of the consultant—and they want and need to advocate for more competitive costs of borrowing, local infrastructure improvements, and observer status at local government meetings. Environmental issues also require intervention.

Unfortunately, the way in which to proceed remains unclear. Additional exploration of these issues, with multiple parties, both inside and outside of Guyana, needs to be conducted. In terms of traditional, classroom-based training, the type of assistance that will help PSOs the most and add the greatest value for members is computer and Internet skills development. To do so, however, first requires the regional chambers to acquire adequate computer equipment. Scripting PSO Internet training, so that a trainer knows the focus of training courses in advance, will make the training much more valuable. Time should be set aside for pre-scripted trainers to instruct individual PSO members, even at their businesses.

B. Institutional Skills

Other training interventions should concentrate on teambuilding, consensus-building, and encouraging participation. Adding value for members ultimately is the *raison d'être* of PSOs. PSOs will benefit immensely from exchange visits with similar PSOs in other countries that have already experienced the challenges that Guyana's PSOs are currently experiencing. Guyana's PSOs can help their members better by getting assistance in developing menus of services that best fit their particular memberships. Exchange visits will provide the most benefits for Guyana's PSOs. PSOs will also gain from exposure to practices dealing with revenue generation, development of newsletters, brochures, and other publications, media relations and image building, and development and use of databases. These skills are ultimately best applied by PSO staff. If the chamber resource center fails to materialize, GEO might best be able to help Guyana's chambers by assisting them in retaining staffing at some level for a definite transition period. Improving PSO management lies at the heart of making them more effective organizations.

C. Enhancing the Economic Wellbeing of PSO Member Businesses

Few would dispute that economically weak members make for weak PSOs and vice versa. Thus, an effective path to building PSOs' advocacy capacity leads to improving the economic wellbeing of PSO members in conjunction with enhancing PSO organization, management, and operations. Conducting training through PSOs also makes PSOs more attractive to non-members.

Guyana's PSO-member businesses exhibit high levels of needs compared to businesses in larger, more diverse, more developed, and wealthier nations. All but two of the 53 businesses with which the consultant met maintain only a domestic outlook in their day-to-day operations. That is to say, they are not looking to emulate business practices exhibited in other countries. Most businesses, especially establishments selling retail goods and services, have little experience with the concepts of profits or retained earnings. Virtually no business appeared initially to recognize that only by changing the way they do business can they hope to improve. Change discomforts many business owners. Therefore, rates of change must be in concert with businesses' ability and ability to absorb new practices. If the change process does not match a business' characteristics, changes can debilitate an otherwise viable (to some extent) business. Thus, in all the meetings with individual businesses, evaluations were made about objectives of the principals, their knowledge of their business, the state of their business, core changes that would strengthen their business, their willingness to embrace change, and their ability to implement such change. Ultimately, most business owners came to understand that changes in some of their practices could improve their chances of increasing their bottom-line returns. That possibility is the benchmark for which they embraced change, and change will flow from very specific training focusing on core analyses and practices.

The most critical training for PSO member businesses involves business planning, which compels analyses of critical aspects of a commercial enterprise. Having PSOs solicit

input from local banks will provide business-planning trainers with additional relevant background data to include in training programs. Since so many PSO members require improved skills in creating business plans, it is also likely that non-PSO-member businesses would benefit from the same type of training. This situation opens up growth opportunities for PSOs in terms of building revenue and membership potential.

Business-plan trainers, like Internet and computer trainers, will magnify their impact by being scripted prior to conducting training sessions. Not only should they be told the type of businesses they will be training in each PSO, they also should be advised of specific problems facing the businesses and entrepreneurs in question. Business planning should focus on retail stores selling general store merchandise, as well as retail operations in the clothing, pharmaceutical, hardware, restaurant and bakery sectors. Business planning should also be applicable to metal fabrication, the services industry, manufacturing, sawmill operations, furniture production, small hotels, small-plot farming, and larger-plot rice farming. Business-plan training should allow time for one-on-one interchanges. Too often, training and technical assistance focuses on group presentations and sessions. That type of training may prove acceptable at very basic levels. But in the case of Guyana, most businesses have operated for long periods of time under a myriad of different owners, management styles, business characteristics, product mixes, and customers, and thus require tailored training opportunities.

Other training needs that will strengthen PSO-member businesses should involve time-motion studies and other observations that simultaneously improve working conditions for employees and raise worker productivity. Instruction on worker safety, especially in manufacturing and forest products firms, is vital to a competitive manufacturing sector. Little differentiation among businesses demands more creative advertising campaigns, which involves training in television and print advertisements. Business owners realize the need for advertising training that can break them out of non-distinguishing patterns now dominant in Guyana. New advertising techniques will unleash owner and worker creativity and lead to new and more innovative levels of competition. Training in human-resource development, employee incentives, customer relations, and salesmanship are also high on the list of needs that will benefit PSO-member businesses.

V. Conclusion

Enhancing competitiveness through top-quality assistance comprises the thrust of efforts to strengthen Guyana's PSOs and its private sector in general. Strategic plans for PSOs allow PSOs not only to upgrade professionalism in pursuit of stated objectives, but also to form alliances with other PSOs on some issues, while competing with PSOs on others. Competitiveness always improves performance. Enhancing PSO advocacy expertise positions these organizations as real, albeit indirect, promoters of added-value for their members. Demand-driven training and advice for PSO member businesses (conducted through, and in conjunction with, PSOs) strengthens PSOs by: positioning PSOs as direct value-adders to their members; reinforcing member allegiance to their PSOs; attracting the interest of non-members; and increasing PSO revenues.

Development that builds competitiveness, that is to say, development that helps private-sector organizations and their member businesses acquire the tools they need to enhance advocacy and commercial performance in a favorable risk-reward environment, helps ensure greater sustainability. Constancy, consistency, momentum, preparation, dedication, innovation, experimentation, aggressiveness, openness, alliances, relationship-building, and welcome access to the right levels of industry and government, both inside and outside of Guyana, are key ingredients for success. In addition to addressing big-picture issues, numerous precise details must also be considered. There are no set formulas that guarantee sustainable success.

Guyana's own capital accumulation is almost certainly insufficient to move it into the company of the globally competitive. As such, if Guyana's business community is to advance over the long term, capital will have to be imported in sums exceeding current remittances dollars. This requires more-complex positioning to stand out locally, regionally, hemispherically, and globally. It requires new ideas and a government-socio-economic environment that supports competitive positioning. To so, Guyana must uncover unique selling points abroad for Guyanese products, as well as the competitive advantages of such products.

A. Proposed 12-Month Work Plan

The detailed results of the strategic plans of the seven partner PSOs and the concerns and needs raised by the 53 individual entrepreneurs interviewed by the consultant represent a wish list of policy concerns, training needs, and constraints faced by PSOs as well as individual businesses. All points raised, however, are real needs and problems which must be overcome if the private sector represented by these organizations is to grow and prosper. Neither the PSOs themselves nor the GEO Project is capable of tackling all identified problems or meeting all acknowledged needs, at least simultaneously. PSO-member business owners are all full-time entrepreneurs, wholly occupied in operating their respective businesses. Although they recognize the importance of advocating for change and understand the need for attending specific training programs and seminars, care must be taken in planning interventions over time, to allow for proprietors to continue running their businesses. A second factor in considering possible interventions is to build the program in a stepwise fashion, starting with the necessary building blocks upon which later activities will be built. Finally, it is important, when launching GEO assistance, to identify priority activities which will yield quick results, thereby increasing the level of confidence for future Project interventions.

Based on the stated demands of PSOs, regarding both business and organizational weaknesses and the limited time and resources of both stakeholders and the Project, several activities have been identified below for possible action by the GEO project. It should be noted, however, that events can change rapidly and that training and advocacy programs identified herein might need to be altered in the near future. The GEO Project and stakeholders must be ready to add and delete activities as new, more important opportunities arise. As an example, several of the needs identified during the strategic-planning exercises (as for example the creation of an investment code and a development

bank) are already underway and a new chamber of commerce has been formed recently in Lethem.

1. Institutional Strengthening of PSOs

The following interventions are recommended under this area of support:

- Study tour/exchange visits for the leaders of regional chambers to become familiarized with successful chambers in other countries, in order to gain from their experience in chamber operation and programming, advocacy programs, revenue generation, and member services.
- Training programs for executive staff members of chambers in organization/association management and operations (in-country training preferred).
- In-country short-courses on funding-proposal writing (using actual funding requests such as computer equipment for the Linden and Upper Corentyne chambers)
- Chamber linkages with GO-INVEST for regional promotion activities (GO-INVEST has already expressed an interest in working with the regional chambers in this regard).
- Strategic-planning exercise for the Lethem Chamber of Commerce.
- Computer and Internet training for PSO staffs

2. Improving PSO Advocacy Skills

Advocacy cannot be taught through formal seminars. Each advocacy campaign will have its own issues, participants, coalitions, and means of effecting change. The best way of teaching the art of advocacy is through hands-on experience. This is the approach that GEO should adopt in working with PSOs in Guyana.

Steps to advocating, mounting, and implementing an advocacy campaign include:

- Define the issue well
- Identify other interest groups
- Identify the opposition
- Identify the opposition's arguments
- Identify the decision maker(s)
- Determine what information is available
- Determine what information is lacking
- Assemble existing information
- Assign responsibilities

- Design the advocacy campaign, including:
 - formation of alliances:
 - informational seminars
 - meetings
 - approaches to be used:
 - letter writing
 - seminars
 - studies/white papers
 - media campaign
 - lobbying
 - resources needed
- Implement

As could be seen in the results of the planning exercises, there are numerous potential advocacy issues already identified by PSOs. For the chambers, it may be best—as well as easier and less expensive—to begin with local issues, such as lobbying for changes in the practices of municipalities or regional governments. All four of the chambers noted that they would like a greater voice in the decision-making process used for planning local infrastructure projects. It is strongly recommended that campaigns be mounted to increase the voices of the chambers in the development of government-funded infrastructure works. These campaigns should be timed to have an impact on the preparation of the government's capital budget, which generally occurs in late summer.

Although each PSO approved in writing the expected results of their own strategic-planning exercise, they were not asked at that time to assign the person within the PSO to be responsible for each activity. It was felt that such responsibility should be assigned only once the GEO Project had decided which activities and advocacy issues to support, to avoid giving the impression that GEO would be able to assist immediately with all identified actions. It has been noted also that some advocacy issues may already have been undertaken or begun, as is the case with the creation of an investment code, investment strategy, and development bank. Therefore, the following advocacy issues are recommended as an initial area of focus, although all recommendations should be verified once again with each PSO, and all PSOs must assign a member the responsibility for overseeing the activity in questions.

- Regional chambers of commerce: infrastructure projects
- Linden Chamber of Commerce and Industry (LCCI): problem of unlicensed vendors
- Berbice Chamber of Commerce and Industry (BCCI): local observer status for the chamber on government boards and meetings
- Upper Corentyne Chamber of Commerce and (UCCC): animal control
- Essequibo Chamber of Commerce (ECC): to be determined
- Forestry Products Association (FPA): national forest certification program
- Guyana Manufacturer's Association (GMA): to be determined
- Tourism and Hospitality Association of Guyana (THAG): convince the government and people of Guyana of the importance of tourism

- Private Sector Commission (PSC): investment strategy and investment code
- Lethem Chamber of Commerce: to be determined.

The GEO Project should be able to act quickly when needed to assist with a any newly identified advocacy campaign of importance. It is also likely that the GEO Project may need to give assistance simultaneously to two or more advocacy campaigns, even for the same organization. A primary advocacy campaign, however, should be maintained to help ensure that the necessary focus and resources are maintained for this “pilot” campaign.

3. Firm-Level Activities

Where possible, firm-level training programs should be carried out under the auspices or sponsorship of the individual chamber or sectoral organization, or through the PSC. Individual firms benefit from such training, and the image of the sponsoring organization is enhanced by providing this type of service. Where relevant, training programs could be offered first to member firms and later to non-member firms (perhaps for increased fees) to enhance the image of the sponsoring organization and hopefully attract new members. Examples of firm-level training may include:

- Internet awareness and training (with a firm-specific marketing orientation that includes sourcing inputs and suppliers, identifying buyers, etc.)
- Computer training
- Business-plan development and training
- Business seminars (e.g., competitiveness seminar)
- Additional training or assistance, including:
 - time-motion studies
 - retail pricing
 - advertising
 - human-resource development
 - customer relations